

YUUT ELITNAURVIAT, INC.  
THE PEOPLE'S LEARNING CENTER

Financial Statements, Additional Information  
and Compliance Reports

Years Ended June 30, 2005 and 2004

*Altman, Rogers  
& Co.* | CERTIFIED  
PUBLIC  
ACCOUNTANTS



YUUT ELITNAURVIAT, INC.  
THE PEOPLE'S LEARNING CENTER

Financial Statements, Additional Information  
and Compliance Reports

Years Ended June 30, 2005 and 2004



YUUT ELITNAURVIAT, INC.  
THE PEOPLE'S LEARNING CENTER

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Independent Auditors' Report

Members of the Board of Directors  
Yuut Elitnaurviat, Inc.  
The People's Learning Center  
Bethel, Alaska

Ladies and Gentlemen:

We have audited the accompanying statements of financial position of Yuut Elitnaurviat, Inc. – The People's Learning Center (Yuut Elitnaurviat), a nonprofit organization, as of June 30, 2005 and 2004, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Yuut Elitnaurviat's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Yuut Elitnaurviat's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yuut Elitnaurviat Inc. as of June 30, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Members of the Board of Directors  
Yuut Elitnaurviat, Inc.  
The People's Learning Center

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2005, on our consideration of Yuut Elitnaurviat's Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and on compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of expressing an opinion on the basic financial statements of Yuut Elitnaurviat Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations* and is not a required part of the basic financial statements. The accompanying schedule of State Financial Assistance is also presented for purposes of additional analysis as required by the *State of Alaska Single Audit Regulation* (2 AAC 45.010) and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
August 19, 2005



YUUT ELITNAURVIAT, INC.  
THE PEOPLE'S LEARNING CENTER

Statements of Financial Position

June 30, 2005 and 2004

<u>Assets</u>	<u>2005</u>	<u>2004</u>
Current assets:		
Cash and cash equivalents	\$ 817,566	380,060
Accounts receivable	838,270	152,045
Total current assets	<u>1,655,836</u>	<u>532,105</u>
Property and equipment:		
Land	630,000	630,000
Construction work in progress	7,286,872	3,741,162
Total property and equipment	<u>7,916,872</u>	<u>4,371,162</u>
	<u>\$ 9,572,708</u>	<u>4,903,267</u>
 <u>Liabilities and Net Assets</u>		
Liabilities:		
Current:		
Line of credit	500,000	-
Accounts payable	1,292,692	262,754
Deferred revenue	10,364	233,895
Total liabilities	<u>1,803,056</u>	<u>496,649</u>
Net assets:		
Temporarily restricted	750,000	208,739
Unrestricted	7,019,652	4,197,879
Total net assets	<u>7,769,652</u>	<u>4,406,618</u>
	<u>\$ 9,572,708</u>	<u>4,903,267</u>

See accompanying notes to financial statements.

YUUT ELITNAURVIAT, INC.  
THE PEOPLE'S LEARNING CENTER

Statements of Activities

Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
UNRESTRICTED NET ASSETS		
Unrestricted revenues:		
Grants	\$ 2,343,968	2,672,136
Contributions	595,156	653,350
Fees for services	186,398	-
Interest	895	7,696
Other	88,466	-
Released from restrictions	208,402	-
Total unrestricted revenues	<u>3,423,285</u>	<u>3,333,182</u>
Expenses:		
Program services - training programs	415,143	234,226
Supporting services - administration	186,706	28,357
Total expenses	<u>601,849</u>	<u>262,583</u>
Net change in unrestricted net assets	2,821,436	3,070,599
TEMPORARILY RESTRICTED NET ASSETS		
Local sources	750,000	208,739
Released from restrictions	(208,402)	-
Net change in temporarily restricted net assets	<u>541,598</u>	<u>208,739</u>
Increase in net assets	3,363,034	3,279,338
Net assets, beginning of year	<u>4,406,618</u>	<u>1,127,280</u>
Net assets, end of year	<u>\$ 7,769,652</u>	<u>4,406,618</u>

See accompanying notes to financial statements.

YUUT ELITNAURVIAT, INC.  
THE PEOPLE'S LEARNING CENTER

Statements of Functional Expenses

Years Ended June 30, 2005 and 2004

	2005			2004		
	Program Services	Support Services Management and General	Total Program and Support Services	Program Services	Support Services Management and General	Total Program and Support Services
Expenses:						
Salaries and benefits	\$ 267,227	18,878	286,105	66,763	-	66,763
Dues and subscriptions	3,311	450	3,761	-	742	742
Professional and technical services	51,951	67,994	119,945	85,441	14,153	99,594
Rent	6,300	8,200	14,500	800	11,000	11,800
Supplies	8,967	27,684	36,651	15,758	180	15,938
Travel	19,381	28,453	47,834	11,891	4,750	16,641
Tuition and stipends	-	9,405	9,405	44,032	-	44,032
Utilities	9,008	-	9,008	18	955	973
Indirect costs	(2,123)	2,123	-	9,523	(9,523)	-
Other	51,121	23,519	74,640	-	6,100	6,100
Total expenses	\$ 415,143	186,706	601,849	234,226	28,357	262,583

See accompanying notes to financial statements.

YUUT ELITNAURVIAT, INC.  
THE PEOPLE'S LEARNING CENTER

Statements of Cash Flows

Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,363,034	3,279,338
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Increase in accounts receivable	(686,225)	(82,463)
Increase in accounts payable	1,029,938	22,298
Decrease in deferred revenue	(223,531)	(1,684,892)
Net cash provided by operating activities	<u>3,483,216</u>	<u>1,534,281</u>
Cash flows provided (used) by investing activities - construction of building	<u>(3,545,710)</u>	<u>(3,065,153)</u>
Cash flows provided by financing activities - proceeds of note payable	<u>500,000</u>	<u>-</u>
Net increase (decrease) in cash	437,506	(1,530,872)
Cash and cash equivalents, beginning of year	<u>380,060</u>	<u>1,910,932</u>
Cash and cash equivalents, end of year	\$ <u><u>817,566</u></u>	<u><u>380,060</u></u>

See accompanying notes to financial statements.

YUUT ELITNAURVIAT, INC.  
THE PEOPLE'S LEARNING CENTER

Notes to Financial Statements

June 30, 2005 and 2004

(1) **Summary of Significant Accounting Policies**

Operations

Yuut Elitnaurviat Inc. – The People's Learning Center (the Center), is a nonprofit corporation in Bethel, Alaska formed to create, organize, operate and maintain a vocational education center to provide education and training to youth and adult residents of the Yukon-Kuskokwim Delta and other communities; to acquire or construct and maintain buildings and property for such purposes; to encourage, develop, provide, promote, enhance and foster vocational, educational and technical skills as shall be useful to residents in obtaining gainful employment in career areas with available jobs in the region.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. The Center reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

*Unrestricted* net assets represent assets of the Center, which are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

*Temporarily restricted* net assets represent assets of the Center whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Center. When the stipulated time restriction ends or action is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

*Permanently restricted* net assets represent assets which have been restricted by donors to be maintained by the Center in perpetuity.

YUUT ELITNAURVIAT, INC.  
THE PEOPLE'S LEARNING CENTER

Notes to Financial Statements, Continued

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America under this method of accounting, revenues are recognized when and liabilities and expenses are recorded when incurred.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Center includes cash on deposit, cash on hand, money market accounts, and short-term investments with original maturities less than three months to be cash and cash equivalents.

Accounts Receivable

Management believes all amounts recorded as receivables are collectible; accordingly, no allowance for uncollectible accounts has been established.

Property and Equipment

The Center capitalizes all expenditures for property and equipment in excess of \$5,000. Purchased property and equipment are carried at cost. Depreciation is computed using the straight-line method.

Donated Property and Equipment

Donations of property and equipment and other non-cash donations are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations for donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Deferred Revenue

Deferred revenue represents cash amounts received for building construction for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

YUUT ELITNAURVIAT, INC.  
THE PEOPLE'S LEARNING CENTER

Notes to Financial Statements, Continued

Contributed Services

Contributed services are recorded in the financial statements when they meet the following criteria for recognition of volunteer effort:

- a) the services performed require specialized skills, such as those performed by professionals and craftsmen, and are part of the program or supporting service which would otherwise be performed by salaried personnel;
- b) the Center exercises control over the employment and duties of the services of the donor; and
- c) the Center has a clear basis for measuring the dollar amount to be recorded.

Revenue Recognition

Cost reimbursable grant revenues are recorded as earned when related expenses are incurred. Unearned grant receipts are deferred until expended for the purpose of the grant.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Sources of Revenue

The Center receives awards from various departments of the federal and state government and various private foundations in the form of grants and contributions.

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Center is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code (pending status approval). The Center is exempt from State income taxes under the Alaska Nonprofit Corporation Act. Therefore, the accompanying statements do not reflect a provision for income taxes.

YUUT ELITNAURVIAT, INC.  
THE PEOPLE'S LEARNING CENTER

Notes to Financial Statements, Continued

(2) **Property and Equipment**

Property and equipment consists of the following as of June 30:

	<u>2005</u>	<u>2004</u>
Land	\$ 630,000	630,000
Construction work in progress – building	<u>7,286,872</u>	<u>3,741,162</u>
Total property and equipment	\$ <u>7,916,872</u>	<u>4,371,162</u>

(3) **Concentration of Credit Risk**

All checking accounts and certificates of deposit are held in Wells Fargo Bank, Alaska. These accounts are insured by the Federal Deposit Insurance Corporation up to \$100,000. The financial institution's balances for these accounts were \$910,743 and \$468,245 at June 30, 2005 and 2004, respectively. At June 30, 2005, these balances exceeded insured limits by \$681,914. Balances exceeded insured limits by \$368,245 at June 30, 2004.

(4) **Donated Property and Services**

The value of donated services included as contributions in the financial statements and the corresponding program expenses for the period ending June 30 are as follows:

	<u>2005</u>	<u>2004</u>
Personnel	\$ 69,160	-
Rent	-	11,000
Travel	9,500	4,750
Materials and supplies	1,200	-
Professional and technical services	31,000	7,600
Other purchased services	<u>50,365</u>	<u>-</u>
Total donated services	\$ <u>161,225</u>	<u>23,350</u>



YUUT ELITNAURVIAT, INC.  
THE PEOPLE'S LEARNING CENTER

Notes to Financial Statements, Continued

(5) **Deferred Revenue**

Deferred revenue is comprised of advances from the following sources at June 30:

	<u>2005</u>	<u>2004</u>
University of Alaska – Fairbanks	\$ <u>10,364</u>	<u>233,895</u>

(6) **Related Party Transactions**

Yuut Elitnaurviat – the People's Learning Center and Yukon-Kuskowim Health Corporation (YKHC) are a related party by virtue of common management. YKHC made cash contributions to Yuut Elitnaurviat, Inc. – the People's Learning Center for \$59,000 and \$0 respectively for the years ended June 30, 2005 and June 2004.

	<u>2005</u>	<u>2004</u>
Yukon-Kuskokwim Health Corporation	59,000	-

(7) **Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purpose:

	<u>2005</u>	<u>2004</u>
Monies restricted for construction	\$ <u>750,000</u>	<u>208,739</u>

(8) **Contingencies**

Amounts received or receivables from the State of Alaska or federal sources from State and federal sources, passed through other entities, are subject to audit and adjustment. Any disallowed claims, including amounts already collected, would become a liability of the Center. In management's opinion, any costs which may be disallowed, if any, are not material.

YUUT ELITNAURVIAT, INC.  
THE PEOPLE'S LEARNING CENTER

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2005

<u>Grant Title</u>	<u>Grant Number</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Total Grant Award</u>	<u>Federal Share of Expenditures</u>
U.S. Department of Commerce - direct - Economic Development	07-01-05545	11.300	\$ <u>1,818,182</u>	<u>496,622</u>
U.S. Department of Labor - passed through the State of Alaska - State Training and Employment Program	7532566	17.258	<u>349,000</u>	<u>45,366</u>
U.S. Denali Commission - direct - Denali Training Fund	753067	90.100	177,035	129,189
Denali Construction	0120-DC-2004-18	90.100	<u>1,000,000</u>	<u>881,193</u>
Total U.S. Denali Commission			<u>1,177,035</u>	<u>1,010,382</u>
Total federal financial assistance			\$ <u>3,344,217</u>	<u>1,552,370</u>

Notes to Schedule

This schedule was prepared on the accrual basis of accounting.

YUUT ELITNAURVIAT, INC.  
THE PEOPLE'S LEARNING CENTER

## Schedule of State Financial Assistance

Year Ended June 30, 2005

<u>Grant Title</u>	<u>Grant Number</u>	<u>Period of Award</u>	<u>Total Grant Award</u>	<u>Eligible Expenditures</u>
State of Alaska - Department of Community and Economic Development - Design and Construct People's Learning Center	05-DC-131	7/1/04-6/30/09	\$ <u>1,000,000</u>	<u>1,000,000</u>

Notes to Schedule

This schedule was prepared on the accrual basis of accounting.



Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of the Board of Directors  
Yuut Elitnaurviat, Inc.  
The People's Learning Center  
Bethel, Alaska

Ladies and Gentlemen:

We have audited the financial statements of Yuut Elitnaurviat, Inc. - The People's Learning Center, as of and for the year ended June 30, 2005, and have issued our report thereon dated August 19, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Yuut Elitnaurviat, Inc.'s - The People's Learning Center internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Yuut Elitnaurviat, Inc.'s - The People's Learning Center financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not

Members of the Board of Directors  
Yuut Elitnaurviat, Inc.  
The People's Learning Center

express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Yuut Elitnaurviat, Inc.'s - The People's Learning Center Board of Directors and management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
August 19, 2005

Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

Members of the Board of Directors  
Yuut Elitnaurviat, Inc.  
The People's Learning Center  
Bethel, Alaska

Ladies and Gentlemen:

Compliance

We have audited the compliance of Yuut Elitnaurviat, Inc. - The People's Learning Center, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal award programs for the year ended June 30, 2005. Yuut Elitnaurviat Inc. - The People's Learning Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Yuut Elitnaurviat Inc. - The People's Learning Center's management. Our responsibility is to express an opinion on Yuut Elitnaurviat, Inc.'s - The People's Learning Center compliance based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Yuut Elitnaurviat Inc. - The People's Learning Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Yuut Elitnaurviat Inc.'s - The People's Learning Center compliance with those requirements.

In our opinion, Yuut Elitnaurviat, Inc. - The People's Learning Center complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2005.

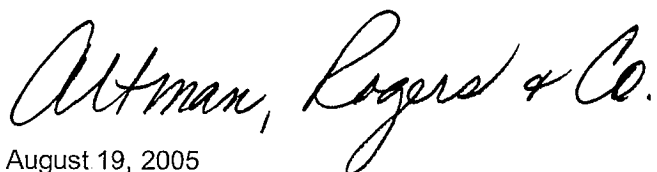
Members of the Board of Directors  
Yuut Elitnaurviat, Inc.  
The People's Learning Center

Internal Control Over Compliance

The management of Yuut Elitnaurviat, Inc. - The People's Learning Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Yuut Elitnaurviat, Inc.'s - The People's Learning Center internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grant agreements caused by error or fraud, that would be material in relation to a major federal program being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Yuut Elitnaurviat, Inc.'s - The People's Learning Center Board of Directors and management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
August 19, 2005



YUUT ELITNAURVIAT, INC.  
THE PEOPLE'S LEARNING CENTER

Schedule of Findings and Questioned Costs

Year Ended June 30, 2005

**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued:

unqualified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes   x   no

Reportable condition(s) identified not

considered to be material weakness(es)?

\_\_\_\_\_ yes   x   no

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes   x   no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ yes   x   no

Reportable condition(s) identified not

considered to be material weakness(es)?

\_\_\_\_\_ yes   x   no

Type of auditors' report issued on compliance  
for major program:

unqualified

Any audit findings disclosed that are required to  
be reported in accordance with Circular A-133,  
Section .510(a)?

\_\_\_\_\_ yes   x   no

Identification of major programs:

CFDA Number(s)

90.100

11.300

Name of Federal Program or Cluster

Denali Commission

EDA Construction Grant

Dollar threshold used to distinguish  
between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

  x   yes \_\_\_\_\_ no

YUUT ELITNAURVIAT, INC.  
THE PEOPLE'S LEARNING CENTER

Schedule of Findings and Questioned Costs, Continued

***Section II - Financial Statement Findings***

No matters were reported.

***Section III - Federal Award Findings and Questioned Costs***

No current year findings or questioned costs.

Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Members of the Board of Directors  
Yuut Elitnaurviat, Inc.  
The People's Learning Center  
Bethel, Alaska

Ladies and Gentlemen:

We have audited the compliance of Yuut Elitnaurviat, Inc. – The People's Learning Center with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that are applicable to each of its major state programs for the year ended June 30, 2005. Yuut Elitnaurviat, Inc. – The People's Learning Center's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of Yuut Elitnaurviat, Inc. - The People's Learning Center's management. Our responsibility is to express an opinion on Yuut Elitnaurviat, Inc. - The People's Learning Center's compliance based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Yuut Elitnaurviat, Inc. - The People's Learning Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Yuut Elitnaurviat, Inc. - The People's Learning Center's compliance with those requirements.

In our opinion, Yuut Elitnaurviat, Inc. – The People's Learning Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2005.

Members of the Board of Directors  
Yuut Elitnaurviat, Inc.  
The People's Learning Center

Internal Control over Compliance

The management of Yuut Elitnaurviat, Inc. – The People's Learning Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered Yuut Elitnaurviat, Inc. - The People's Learning Center's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts, and grant agreements caused by error or fraud that would be material in relation to a major state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of Yuut Elitnaurviat, Inc. - The People's Learning Center's Board of Directors and management, and the State of Alaska and is not intended to be and should not be used by anyone other than these specified parties.

  
August 19, 2005



